

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2402 - SB 2334

March 16, 2016

**SUMMARY OF ORIGINAL BILL:** Reduces, from 60 to 21 days, the time period for which any person engaged in the business of motor vehicle towing or storage may charge the owner or lienholder of a motor vehicle a storage fee without consent of the owner or lienholder and without the owner or lienholder being notified, by registered mail return receipt requested, that the business owner intends to charge additional fees for any additional days.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

Decrease Business Revenue - Exceeds \$5,000

**SUMMARY OF AMENDMENT (013741):** Deletes all language of the original bill. Prohibits any motor vehicle towing or storage business from charging a storage fee for any day on which the vehicle is not available for release to the owner, lienholder, or insurer, unless the inability for release is based on a hold placed on the vehicle by law enforcement. Requires any motor vehicle towing or storage business to release a vehicle to an insurer or lienholder, or an authorized agent of such insurer or lienholder who has provided proper documentation and provided payment of reasonable charges due to such business, without requiring additional consent from the owner of the vehicle. Requires an insurer or lienholder to indemnify and hold harmless the releasing person or entity for any cost incurred due to the wrongful release to an authorized agent or representative of the insurer or lienholder. Establishes that reasonable charges do not include any fee charged above the maximum fee approved by the respective Tennessee Highway Patrol (THP) district that would be charged by a business serving on the THP dispatch towing list.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

Unchanged from the original fiscal note.

HB 2402 - SB 2334

Assumptions for the bill as amended:

- Currently, a towing or storage business can charge a storage fee for 60 days prior to notifying the owner or lienholder of a motor vehicle that additional storage fees will be imposed. Such notification is currently required to be sent 14 days prior to imposing additional storage fees.
- Local governments do not meet the definition of “person” as defined in Tenn. Code Ann. § 55-23-102; therefore, this legislation would not apply to storage or impound lots operated by local governments.
- According to the Department of Safety and Homeland Security (DOSHS), the Tennessee Highway Patrol (THP) would need to provide information regarding this law to troopers through a legislative update or during regularly-scheduled annual in-service training.
- Also, THP District Wrecker Lieutenants would need to ensure that towing companies operating in the THP rotating schedule are aware of this law. All of these duties can be accomplished within the existing resources of the Department utilizing existing staff.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- This legislation will prohibit any motor vehicle towing or storage business from charging a storage fee on any day in which a vehicle is not available for release.
- It is assumed that this legislation will result in a recurring decrease in business revenue to Tennessee-domiciled motor vehicle towing and storage businesses exceeding \$5,000.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb